

TRANSNET SOC Limited

Issuer Code: BITRA

("TRANSNET" or "the Issuer")

### **Availability of Interim Financial Results**

In terms of section 6.17 of the JSE Debt Listings Requirements, Noteholders are advised that the Reviewed Interim Financial Statements for Transnet for the six months ended 30 September 2020, are available on the Issuer's website:

<https://www.transnet.net/Media/Press%20Release%20Office/Reviewed%20condensed%20financial%20results%20as%20at%2030%20September%202020.pdf>

### **Transnet's half year financial results on the back of an unprecedented Covid-19 pandemic**

Transnet's half year results are on back of the South African economy suffering a significant contraction during April, May and June of 2020, when the country operated under nation-wide lockdown restrictions in response to Covid-19.

The general slowdown in economic activity saw a decline in key sectors of the economy, including the mining sector which resulted in the decline of rail (-16,4%) and port(-20,7%) volumes, for the period ended 30 September 2020 in comparison to the prior period.

Bulk terminals were operating at reduced capacity during the initial hard lockdown, which weighed heavily on the exports of iron ore, manganese and chrome. During the same period, container terminals were equally impacted.

After the initial hard lockdown, output was adversely impacted by regulations that prohibited mines from operating at full capacity in the interest of 'flattening the curve' and protecting the safety of workers.

Port volumes were also impacted by the limited availability of operational employees due to the effects of positive Covid-19 cases, whilst pipeline volumes were significantly impacted by the total shutdown of airports and minimal auto-mobile movement with lockdown imposed travel restrictions, and the negative impact of fuel theft incidents.

During this period Transnet supported the economy by focussing operations on moving essential cargo, operationalising container terminals and ports as well as essential rail corridors.

As a result, in comparison to the financial performance posted at 30 September 2019, revenue decreased by 17,3% to R32,0 billion and a loss of R3,0 billion was posted for the half-year ended 30 September 2020. Transnet's costs are largely fixed with personnel contributing approximately 59%, which resulted in an EBIDTA of R9,8 billion, a reduction of 47.3% compared to the prior reporting period.

Transnet continues to be a cash generative business with R12,6 billion cash generated from operations after working capital changes. R4,9 billion was invested in capital expenditure, largely to maintain the assets. Gearing of 48,7% and rolling cash interest cover including working capital changes at 2,5 times is within lenders requirements.

Transnet is a going concern, and has continued to adopt the going concern principle in preparing its financial results.

The half-year results have been reviewed by the Auditor General of South Africa, who have issued an unmodified review opinion. There were no restatements of prior period financial information.

## **Outlook**

There are indeed signs of volume improvements in the third quarter of the current financial period, however the emergence of a second wave of the Covid-19 pandemic brings about a level of uncertainty on the 2021 financial year performance. The executive team however remains committed to drive the turn-around plans of Transnet.

Transnet acknowledges the support and strong relationship with stakeholders and lenders during this challenging period.

11 December 2020

Debt Sponsor  
The Standard Bank of South Africa Limited